



441 G St. N.W.
Washington, DC 20548

B-328262

July 18, 2016

The Honorable Pat Roberts
Chairman
The Honorable Debbie Stabenow
Ranking Member
Committee on Agriculture, Nutrition, and Forestry
United States Senate

The Honorable K. Michael Conaway
Chairman
The Honorable Collin C. Peterson
Ranking Member
Committee on Agriculture
House of Representatives

Subject: *Department of Agriculture, Federal Crop Insurance Corporation: General Administrative Regulations; Catastrophic Risk Protection Endorsement; Area Risk Protection Insurance Regulations; and the Common Crop Insurance Regulations, Basic Provisions*

Pursuant to section 801(a)(2)(A) of title 5, United States Code, this is our report on a major rule promulgated by the Department of Agriculture, Federal Crop Insurance Corporation (FCIC) entitled “General Administrative Regulations; Catastrophic Risk Protection Endorsement; Area Risk Protection Insurance Regulations; and the Common Crop Insurance Regulations, Basic Provisions” (RIN: 0563-AC43). We received the rule on July 1, 2016. It was published in the *Federal Register* as a final rule on June 30, 2016. 81 Fed. Reg. 42,453.

The final rule finalizes amendments to the regulations entitled the General Administrative Regulations—Ineligibility for Programs under the Federal Crop Insurance Act; the Catastrophic Risk Protection Endorsement; the Area Risk Protection Insurance Regulations; and the Common Crop Insurance Regulations, Basic Provisions. This final rule revises these provisions to implement changes mandated by the Agricultural Act of 2014.¹

The Congressional Review Act (CRA) requires a 60-day delay in the effective date of a major rule from the date of publication in the *Federal Register* or receipt of the rule by Congress, whichever is later. 5 U.S.C. § 801(a)(3)(A). This final rule has a stated effective date of June 30, 2016. The rule was published in the *Federal Register* on June 30, 2016, and received on July 1, 2016. Therefore, this final rule does not have a 60-day delay in its effective date. The 60-day delay in effective date can be waived, however, if the agency finds for good cause that delay is impracticable, unnecessary, or contrary to the public interest, and the agency

¹ Pub. L. No. 113-79, 128 Stat. 649 (2014), commonly known as the 2014 Farm Bill.

incorporates a statement of the findings and its reasons in the rule issued. 5 U.S.C. §§ 553(d)(3), 808(2). FCIC found good cause for not delaying the effective date. FCIC stated that delaying the effective of this rule would result in the inability of the federal government to implement these changes prior to the contract change date for fall planted crops, effectively delaying their implementation for an entire year.

Enclosed is our assessment of FCIC's compliance with the procedural steps required by section 801(a)(1)(B)(i) through (iv) of title 5 with respect to the rule. Our review of the procedural steps taken indicates that FCIC complied with the applicable requirements.

If you have any questions about this report or wish to contact GAO officials responsible for the evaluation work relating to the subject matter of the rule, please contact Shirley A. Jones, Assistant General Counsel, at (202) 512-8156.

signed

Robert J. Cramer
Managing Associate General Counsel

Enclosure

cc: Brandon Willis
Administrator, Risk Management Agency
Department of Agriculture

REPORT UNDER 5 U.S.C. § 801(a)(2)(A) ON A MAJOR RULE
ISSUED BY THE
DEPARTMENT OF AGRICULTURE,
FEDERAL CROP INSURANCE CORPORATION
ENTITLED
“GENERAL ADMINISTRATIVE REGULATIONS;
CATASTROPHIC RISK PROTECTION ENDORSEMENT;
AREA RISK PROTECTION INSURANCE REGULATIONS;
AND THE COMMON CROP INSURANCE REGULATIONS,
BASIC PROVISIONS”
(RIN: 0563-AC43)

(i) Cost-benefit analysis

The Federal Crop Insurance Corporation (FCIC) completed a benefit-cost analysis for this final rule. FCIC found that the rule will have an expected cost to FCIC of \$115.9 million annually over a 10-year period in administration of the federal crop insurance program. Non-quantifiable benefits of this rule identified by FCIC include increased program integrity, additional risk management tools for producers, and incentives for beginning farmers and ranchers to participate in the federal crop insurance program.

(ii) Agency actions relevant to the Regulatory Flexibility Act (RFA), 5 U.S.C. §§ 603-605, 607, and 609

FCIC certified that this final rule will not have a significant economic impact on a substantial number of small entities.

(iii) Agency actions relevant to sections 202-205 of the Unfunded Mandates Reform Act of 1995, 2 U.S.C. §§ 1532-1535

FCIC determined that this final rule contains no federal mandates under the Act for state, local, and tribal governments or the private sector.

(iv) Other relevant information or requirements under acts and executive orders

Administrative Procedure Act, 5 U.S.C. §§ 551 et seq.

On July 1, 2014, FCIC published a notice of interim rulemaking. 79 Fed. Reg. 37,155. FCIC received 364 comments from 74 commenters, including academics, farmers, financial entities, insurance companies, producer groups, and trade associations. The agency responded to comments in the final rule. This rule does not have a 30-day delay in effective date. FCIC found good cause for not delaying the effective date. FCIC stated that delaying the effective date of this rule would result in the inability of the federal government to implement these changes prior to the contract change date for fall planted crops, effectively delaying their implementation for an entire year.

Paperwork Reduction Act (PRA), 44 U.S.C. §§ 3501-3520

FCIC stated that the collections of information in this rule have been approved by the Office of Management and Budget (OMB) under OMB control numbers 0563–0085, 0563–0083, and 0563–0053.

Statutory authorization for the rule

FCIC promulgated this final rule under the authority of section 1506 of title 7, United States Code.

Executive Order No. 12,866 (Regulatory Planning and Review)

FCIC stated that this rule has been determined to be economically significant for the purposes of Executive Order 12,866 and that it has been reviewed by OMB.

Executive Order No. 13,132 (Federalism)

FCIC determined that this final rule will not have a substantial direct effect on states, on the relationship between the national government and the states, or on the distribution of power and responsibilities among the various levels of government.